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For Immediate Release

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Restaurant and Bar Managers Say Federal Smoking Ban Would Hurt Business, Force Layoffs

WASHINGTON, DC, October 24. An overwhelming majority of owners and managers of bars and taverns and about half of those who own or manage restaurants that permit smoking predict major economic losses if a pending national workplace smoking ban is implemented by the federal government's Occupational Safety and Health Administration (OSHA).

The national survey of restaurant and bar owners and managers was conducted by the Roper Starch Worldwide polling firm on behalf of the National Licensed Beverage Association (NLBA), which released the study today in Washington.

"Under OSHA's proposed Indoor Air Quality regulation, no one could smoke where they work, work where they smoke, or work where anyone else is smoking," said Debra Leach, executive director of the NLBA. Because 'workplace' includes dining areas, bars, hotel rooms and anywhere else work is performed, no wait staff or service personnel could enter smoking areas. The result would be a smoking ban for the hospitality industry.

"The survey demonstrates the very real concerns of the hospitality businesses who will have to deal with the impact of OSHA's proposed national smoking ban. Candidly, we were surprised at how strongly they felt about this issue. The majority of owners and managers of establishments that permit smoking or have smoking sections believe that this regulation will result in smoking customers patronizing their establishments less often and spending less money while they are there," said Leach.

"A whopping 83 percent of all bar owners anticipate a loss of revenue due to OSHA's smoking ban and most of those (81 percent) predict their losses will be over 15 percent," said Leach. "A significant number of all

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restaurant owners and managers (39 percent) and even more (49 percent) of those establishments currently permitting smoking, believe the smoking ban will result in lower revenues. Over 85 percent of those expecting losses say their losses will exceed 5 percent of their revenues."

Of those who expect losses, a big majority (61 percent of restaurant managers and 66 percent for bars and taverns) predict they will have to lay off employees as a result.

The survey illustrated that bar and restaurant owners have not ignored public concerns about smoking and related issues. Many have invested substantial sums in ventilation equipment so everyone will be more comfortable. Seventy-seven percent of restaurants and 11 percent of bars have imposed some limitation on smoking by customers, mostly as a voluntary response to current social concerns.

NLBA President Jim Simpson told the news conference, "The marketplace is responding to public attitudes while continuing to offer freedom of choice for workers and customers. Both groups deserve to be able to find the kind of atmosphere they prefer. There is no more need for a uniform smoking policy than there is for a uniform nationwide menu in America's restaurant and bars.

"A handful of anti-smoking activists are pressuring OSHA to issue far more sweeping regulations than are justified by science or our national ethic of promoting diversity and choice," he said.

Debra Leach said the proposed regulation would have a significant impact on the bottom lines of businesses throughout the industry. "Real people are going to lose real jobs as an unintended result of action taken by an agency of the federal government that is, ironically, charged with protecting workers."

Also made clear by the poll was the fact that revenue lost from smokers would not be offset by an increased patronage from non-smokers.

"This study clearly demonstrates that owners and managers of restaurants, bars and taverns feel strongly that non-smoking customers would not come more often because of the proposed smoking ban, nor would the people who do come spend more money in their establishments," said Leach.

Leach also noted that over 90 percent of owners and managers of restaurants, bars and taverns feel that both their customers and employees accept the establishment's smoking policies either fairly well or very well, with the vast majority responding "very well." What's more, 91 percent of

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bar/tavern respondents and 72 percent of restaurateurs preferred to make their own smoking policies without interference from state, local or federal governments.

Leach emphasized that this survey focused on owner/operators and managers because they are the people who are on the ground level -- working in these establishments day in and day out. "They don't want smoking policy for a corner tavern in Montana to be set in a corner office in Washington, D.C.," she said.

"We also went a step further and asked our own economic consultant, Dr. Steve Barsby of Molalla, Oregon, to analyze the Roper results and tell us what they meant in terms of actual sales and job losses. Dr. Barsby has more than two decades of experience analyzing sales and other economic data involving the alcohol beverage and other industries. We believe the estimates he came up with are very conservative. Nevertheless, they are sobering.

"Dr. Barsby estimates that restaurants will lose 3 billion dollars in sales and that bars and taverns will lose 1.6 billion if OSHA's rules go into effect. That's over 4.5 billion dollars in lost sales per year!" said Leach.

"Those sales declines will mean job losses. Some businesses will close altogether. Nationwide, Dr. Barsby believes that based on the estimated sales loss about 138,000 jobs will be eliminated. In addition, virtually every business which sells products or services to bars and restaurants will also feel the impact. That includes food distributors, beverage distributors, landlords who collect rents based on sales, and even the government sales, excise, and income tax collectors will come up short," said Leach.

Commenting on how the survey came about, Leach said it was imperative for her organization to correctly measure the views of its members and potential members on this issue.

Leach also noted that the NLBA has been very vocal in criticizing OSHA's proposed workplace smoking ban and said, "Frankly, we needed to know if we were accurately representing how our 16,000 members and others in the business really felt. We decided that a nationwide survey was the best way to gauge their sentiments. An unrestricted research grant from Philip Morris made it possible. The survey delivered a strong message, even stronger than we originally thought -- bar and restaurant owners don't like OSHA's plan!"

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OSHA, in April 1994, proposed indoor air quality regulations that would ban smoking entirely or restrict it to designated rooms which are separately ventilated directly to the outside under negative pressure. In addition, under these criteria smoking would be banned from all work areas.

The NLBA is a non-profit association with over 16,000 members across the country. It officially became the NLBA in 1950, but it traces its roots back to the repeal of Prohibition. It is the largest membership association in the industry.

The nationwide survey was conducted in September 1996 and was based on telephone interviews with 1,300 individual owner/operators and managers selected in a statistically random manner and split evenly between restaurants and taverns/bars. The poll was conducted by Roper Starch Worldwide and has a margin of error of +/- 4 percentage points. A copy of the Roper Study findings is available on request to members of the media.

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**Remarks of
Debra A. Leach
Executive Director
National Licensed Beverage Association**

**News Conference
National Press Club
Washington, DC**

October 24, 1996

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Good morning. My name is Debra Leach. I'm the Executive Director of the National Licensed Beverage Association, NLBA as we'll be calling it, the Alexandria, Virginia-based association representing bars, taverns, restaurants, package stores, hotels, and others in the hospitality business.

I'll be serving as your moderator this morning as we report to you on a recent poll which largely confirms my organization's beliefs that OSHA's anti-smoking regulations are a burdensome and unnecessary government intrusion into the business environment. Our concern is with our members' ability to provide unique gathering places where customers and employees feel welcome and comfortable. We are after all in the hospitality industry.

I want to thank the members of the media and other guests who have joined us this morning.

Our other speakers will be; Jim Simpson, the President of NLBA and the owner of The Liquor Store in Waldorf, MD; and Sally Daniels, senior project director for Roper Starch Worldwide.

Each speaker will have a few brief remarks, and then we'll give you as much time as possible for questions.

We'll hear from Jim and Sally in just a few moments, but let me first give you the background.

Last February, NLBA held a news conference here to mark the close of the comment period for the Indoor Air Quality regulations under consideration since 1994 by the Occupational Safety and Health Administration, OSHA. Under OSHA's proposed Indoor Air Quality regulation, no one could smoke where they work, work where they smoke, or work where anyone else is smoking. As "workplace" includes; dining areas, bars, hotel rooms, and anywhere else work is performed, no wait staff or service personnel could enter smoking areas. The result would be a smoking ban for the entire hospitality industry.

We believed then, and now, that this ban would cause a serious loss of business and jobs for the people who work in bars and restaurants. We said in February that we hoped the end of the comment period would also mean the end of the proposal.

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Unfortunately, the proposal is still with us and under active consideration by OSHA.

I also want to mention that OSHA has wrapped their anti-smoking plan in a web of complex, expensive, and unnecessary rules covering other air quality issues. Compliance with these other provisions would be a costly nightmare for any small business owner.

OSHA expects business owners, even small business, to draw up comprehensive indoor air quality plans dealing with everything from a bit of car exhaust which may drift inside when the front door is open, to carpet fumes, to cooking-related smoke and fumes, to asbestos buried in the walls, to fumes from cleaning substances, air conditioning systems, and more.

I want to stress that NLBA is opposed to the entire thrust and approach of the OSHA proposal. Our members often spend more time in their place of business than any of their employees. They are very concerned about air quality. They would appreciate information. They don't need costly new rules that will drive up costs and drive away customers.

Given that background, NLBA wanted to gather more information to find out if bars and restaurants across the nation shared our concern, especially about the smoking ban provisions of the proposed rules. Frankly, we needed to know if we were accurately representing how our 16,000 members and others in the business really felt.

We decided that a nationwide survey was the best way to gauge their sentiments. An unrestricted research grant from Philip Morris made it possible. We asked Roper to design and conduct an objective study of the issue. The data was collected last month. Today, we are releasing it.

As you will see, the survey delivered a strong message, even stronger than we originally thought -- bar and restaurant owners don't like OSHA's plan! They don't want smoking policy for a corner tavern in Montana to be set in a corner office in Washington, DC.

Roper interviewed owners or managers of 650 bars and 650 restaurants. They asked a range of questions covering current smoking policies and the expected impact if a universal smoking ban were imposed. The press kits have a summary of the key findings, so I won't stand here and read a lot of numbers at you. But let me tell you what looked important to us as we reviewed the findings.

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The survey demonstrates the very real concerns of the hospitality businesses who will have to deal with the impact of OSHA's proposed national smoking ban. The majority of owners and managers of establishments that permit smoking or have smoking sections believe that this regulation will result in smoking customers patronizing their establishments less often and spending less money while they are there.

A whopping 83 percent of all bar owners anticipate a loss of revenue due to OSHA's smoking ban and most of those, 81 percent, predict their losses will be over 15 percent. A significant number of all restaurant owners and managers, 39 percent, and even more, 49 percent of those establishments currently permitting smoking, believe the smoking ban will result in lower revenues. Over 85 percent of those expecting losses say their losses will exceed 5 percent of their revenues.

Most of those who expect sales to go down also expect to have to lay off workers as a result.

If the OSHA proposal takes effect, real people are going to lose real jobs as an unintended result of action taken by an agency of the federal government that is, ironically, charged with protecting workers.

This study clearly demonstrates that owners and managers of restaurants, bars, and taverns feel strongly that non-smoking customers would not come more often because of the smoking ban, nor would the people who do come spend more money in their establishments.

Bar and restaurant owners don't live in a vacuum. Most restaurants have voluntarily adopted some sort of smoking policy to balance the concerns of smokers and non-smokers, both workers and customers. Many have invested substantial sums in ventilation equipment so everyone will be more comfortable. Over 90 percent of those surveyed feel that both their customers and employees accept their establishment's smoking policies either fairly well, or very well - the vast majority responding "very well." What's more, 91 percent of bar/tavern respondents and 72 percent of restaurateurs preferred to make their own smoking policies without interference from state, local or federal governments.

We also went a step further and asked our own economic consultant, Dr. Steve Barsby of Molalla, Oregon, to analyze the Roper results and tell us what they meant in terms of actual

sales and job losses. Dr. Barsby has more than two decades of experience analyzing sales and other economic data involving the alcohol beverage and other industries. We believe the estimates he came up with are very conservative. Nevertheless, they are sobering.

Dr. Barsby estimates that restaurants will lose 3 billion dollars in sales, and that bars and taverns will lose 1.6 billion if OSHA's rules go into effect. That's over 4.5 billion dollars in lost sales per year!

Those sales declines will mean job losses. Some businesses will close altogether. Nationwide, Dr. Barsby believes that based on the estimated sales loss about 138,000 jobs will be eliminated.

But that's just the start. Virtually every business which sells products or services to bars and restaurants will also feel the impact. That includes food distributors, beverage distributors, landlords who collect rents based on sales, and even the government sales, excise, and income tax collectors will come up short.

And keep in mind that 57 percent of the lost sales will be lost food sales with only 43 percent of the losses coming in beverage sales.

NLBA believes the Roper data confirm our belief that OSHA's Indoor Air Quality rules would be a catastrophe for thousands of small bars and restaurants. We strongly believe and the survey confirms it, that the marketplace is handling the smoking issue and there is no need for government interference. Workers who want a smoke-free environment have no trouble finding such a workplace.

NLBA asks OSHA to listen to the small business owners and their workers who will suffer needlessly if these regulations are imposed. We believe OSHA should rethink their regulations, reopen the record, and look at reasonable alternatives that are already working in the marketplace, such as ventilation, separation, and accommodation.

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**Remarks of
James C. Simpson, III
President
National Licensed Beverage Association**

**News Conference
National Press Club
Washington, DC**

October 24, 1996

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Good morning. My name is Jim Simpson. I own and operate a beer, wine & spirits package store, known simply as The Liquor Store in Waldorf, Maryland.

I am a past president of the Maryland State Licensed Beverage Association, and since 1993 I have served as President of the NLBA.

On behalf of the National Licensed Beverage Association, I am today re-stating our opposition to the proposed indoor air quality regulations which would effectively ban smoking in most of America's 300,000 bars, nightclubs, and fully licensed restaurants, as well as virtually every other workplace in America.

As I pointed out last February when we held a news conference here, the circumstances of the hospitality industry really spotlight the fundamental flaws in the OSHA plan to make radical changes in American lifestyles. Government can force us to provide a pristine workplace free of all manner of known and suspected bad things, but they can't force customers to come through our doors. If we are forced to alter our business environment so that large numbers of current customers can no longer relax and enjoy our hospitality - they simply won't come. I think most of our workers would rather have a job with a little smoke in the air, than face the stifling pure air of the unemployment office!

The evidence from Maryland suggests that if OSHA implements their rule it will give birth to unprecedented harassment of retail businesses by a volunteer army of anti-smoking zealots. They will be the enforcement arm of this regulation, and they won't be bound by the normal rules of official conduct. When Maryland passed a sweeping ban on workplace smoking in 1995, just such an army of anti-smoking vigilantes began fanning out across the state to sniff out and snuff out violations. Even though they were originally only supposed to respond to complaints from workers, the Maryland equivalent of OSHA found that more than half of the more than 300 complaints they received in the first ten months of the new rules were NOT from employees. So that even in a small business where the owner and workers smoke, the unofficial smoking police are out looking for technical violations and creating expensive and time consuming work for both the state and for the affected business owners. This is not a story I'd like to see repeated on a national scale.

As a small business owner myself, what really strikes me about the Roper study that we are releasing today is how clearly it demonstrates that bar and restaurant owners are already paying attention to shifting public attitudes. They have to. That's what you have to do when you are in business. Many establishments have invested in air filtration and circulation equipment. Only about half the bars and only one sixth of the restaurants have cigarette vending machines. 77 percent of restaurants and 11 percent of bars have imposed some limitation on customer smoking, mostly without pressure from government. Clearly, the marketplace is responding to public attitudes while continuing to offer freedom of choice for workers and customers. Both groups deserve to be able to find the kind of atmosphere they prefer. There is no more need for a uniform nationwide smoking policy than there is for a uniform nationwide menu in America's restaurants and bars.

We believe a handful of anti-smoking activists are pressuring OSHA to issue far more sweeping regulations than are justified by science or our national ethic of promoting diversity and choice.

Just as the poorly considered prohibition of alcohol earlier this century led to a number of unintended

unlicensed, underground gathering places, lets call them smoke-easies - will emerge to satisfy the desire of smokers for a place to relax and socialize. Law enforcement has enough to grapple with already.

I believe the OSHA proposal flies in the face of current trends to reduce the size and scope of federal regulation and let citizens craft solutions that make sense to local people. There is no more compelling reason for uniform smoking rules nationwide than there is for uniform speed limits, uniform sales taxes, or uniform business operating hours. Diversity and tolerance used to be considered virtues in this country. We believe they still are.

We're not scientists, but we know that a report by the Congressional Research Service in November of 1995 raised serious new questions about whether second-hand smoke is really as dangerous as some have suggested. Given the uncertainty of the science, the extreme cost of compliance, the fact that individual business owners are already dealing with the issue, we strongly believe OSHA should drop their current proposal and focus on less dangerous ways to improve worker safety.

Thank you.

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**Remarks of
Sally Daniels
Senior Project Director
Roper Starch Worldwide Inc.**

**News Conference
National Press Club
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PAGE 14/30

I'm just going to take a few minutes to tell you, very briefly, how we conducted the study and how we tried to make sure that the findings from the study would give an accurate picture of the opinions and beliefs of owners and managers of restaurants and bars across the country. If you have questions later, as you are going through your press kits, I would be happy to tell you more.

The survey was conducted, in September, through telephone interviews with owners and managers of 650 full-service restaurants and 650 bars and taverns. The samples were drawn in a statistically random manner from the national lists of restaurants, bars, and taverns, provided by Survey Sampling Incorporated, a major supplier of survey samples. All interviews were conducted by trained interviewers at Roper's centralized telephone interviewing facilities in New York City. To prevent the biases that might result from interviewing only those owners or managers who were easiest to contact and interview, up to 6 attempts were made to reach each selected establishment, and interviewers scheduled times to call-back respondents who were too busy or otherwise unavailable to be interviewed the first time we called.

The questionnaire was developed by researchers at Roper Starch, based on input from the National Licensed Beverage Association regarding the objectives of the survey and the areas of information to be included. We tried very hard, and believe we succeeded, in writing a questionnaire that is unbiased -- allowing respondents to tell us about their true attitudes and beliefs -- whether they feel positively or negatively about the proposed smoking ban.

Interviews averaged about 10 minutes and included questions about current customer and employee smoking policies; beliefs about the impact of the proposed smoking ban on the establishment; attitudes toward government regulation of smoking in restaurants and bars; and characteristics of the establishment -- such as their size, number of employees, and number of years in business.

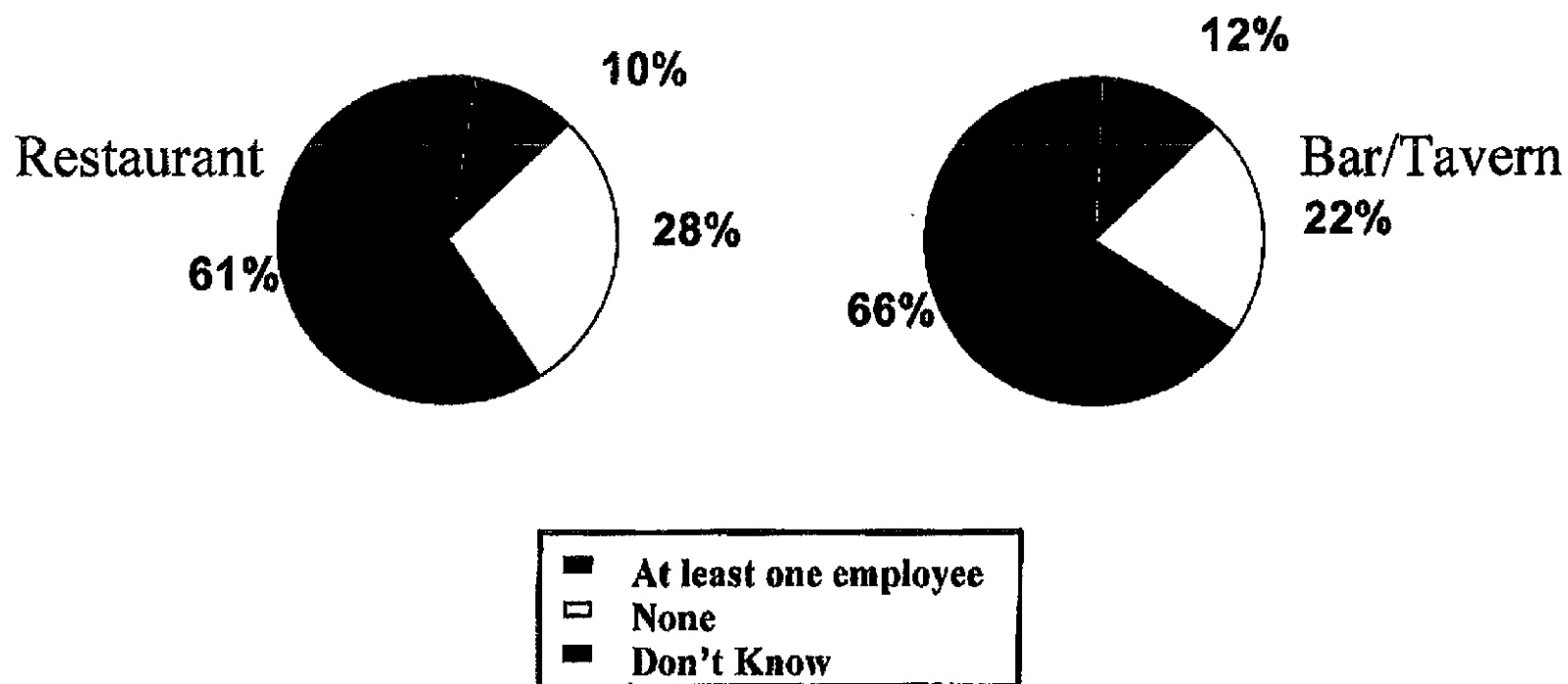
The samples of owners and managers actually interviewed, include a good mix of men and women, young and old, and smokers and non-smokers. They represent establishments from all regions of the country, and of all sizes and numbers of employees. They include establishments that currently permit smoking and those who do not.

In short, we believe that this survey has produced an accurate and fair picture of the beliefs and attitudes of owner and managers of restaurants, bars, and taverns, on the issue of federal regulation of smoking in their establishments.

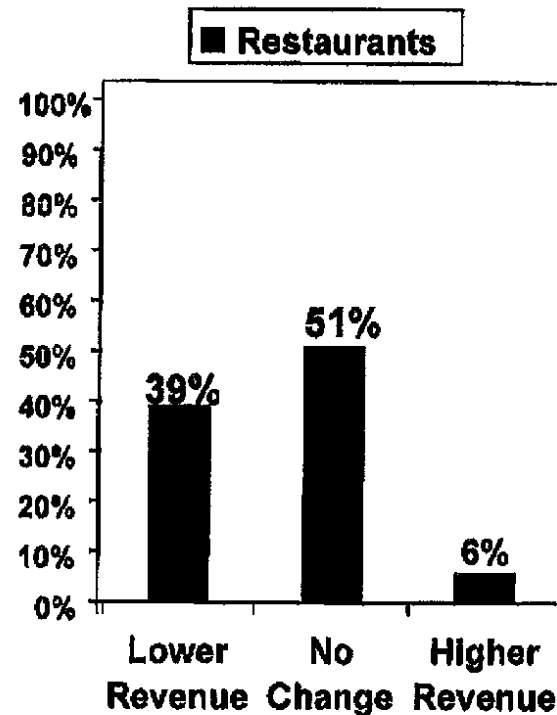
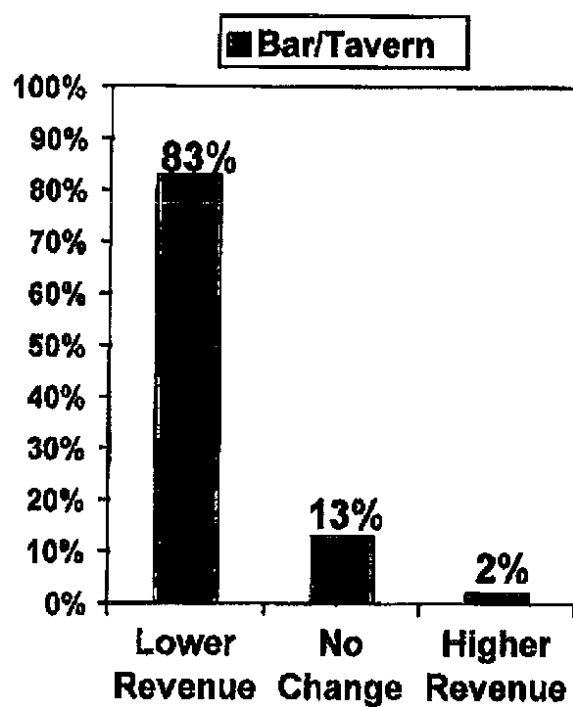
Again, if you have questions, after looking through your press kits, about the way the survey was conducted, please feel free to ask me.

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(If making establishments smoke-free would result in lower revenues).
If your revenues were to decrease, how many employees, if any, do you realistically think you would have to lay off?



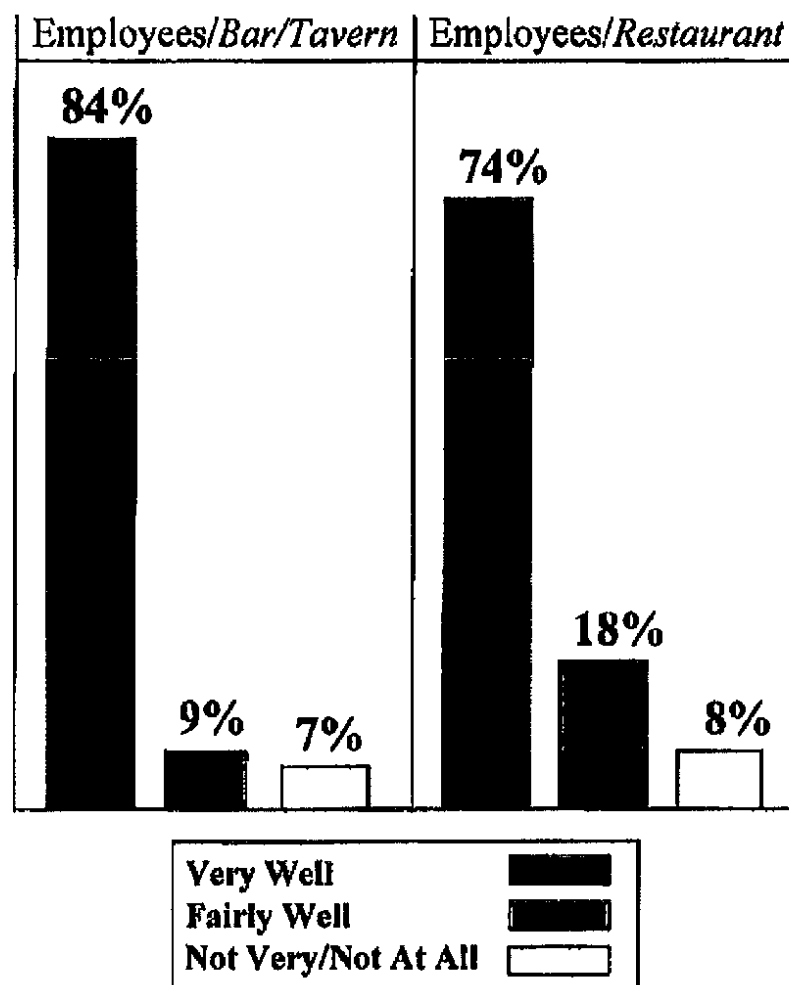
**Considering both customers who smoke and those who do not smoke,
how do you think making all establishment virtually smoke-free
would affect your establishment's overall revenue?**



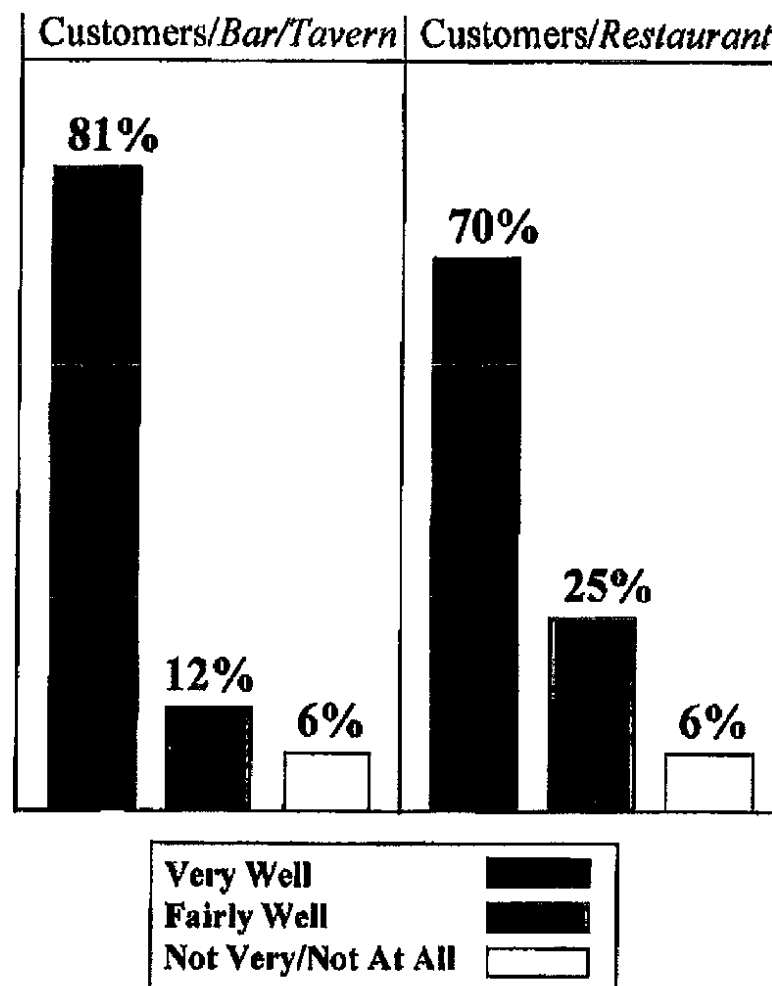
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Specifically, with respect to the smoking policy in your establishment, how well has it been accepted by your employees?



Specifically, with respect to the smoking policy in your establishment, how well has it been accepted by your customers?



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EXECUTIVE OVERVIEW

Survey of Restaurants and Bars/Taverns

Conducted for the National Licensed Beverage Association
by Roper, Starch, Worldwide

A proposed federal government regulation, requiring that all areas where people work be smoke-free, would mean that restaurants, bars and taverns could no longer permit customer smoking. For a large majority of restaurants, and nearly all bars and taverns, this would require a change from their current customer smoking policies -- one that the owners and managers of these establishments believe will be detrimental to their businesses.

Beliefs About Consequences of Proposed OSHA Regulations

Owners and managers of restaurants, bars, and taverns expect the proposed regulations to have a significant effect on their businesses. They expect their customers who smoke to come less often and to spend less when they do, and they don't expect this lost business to be made up by non-smokers. Bars and taverns expect significantly more harm to their businesses resulting from a ban on smoking than do restaurants.

- Most owners and managers of restaurants that are not currently smoke-free believe that, as a result of the new rules, smoking customers would come less often, and half believe that these smokers would, during a typical visit, spend less.
- Owners and managers of bars and taverns are considerably more troubled by the proposed rules, with more than four out of five believing that their smoking customers would come less often and that they would spend less money when they did come.
- Most owners and managers expect that requiring all restaurants, bars and taverns to be smoke-free would have little effect on the frequency of non-smokers' visits or on the amount spent when non-smokers do come. Owners and managers in only one out of five restaurants that are not currently smoke-free, and fewer than one out of ten of such bars, believe that non-smokers would visit more often. Twice as many bar owners and managers believe non-smokers would come less often as believe they would come more often, and three times as many of these owners and managers expect non-smokers to spend less money during a typical visit as expect them to spend more.
- If smoking were banned in all establishments, nearly half of managers and owners of restaurants that currently allow smoking in at least part of their restaurants believe that their revenues would decrease, and three out of ten believe they would need to

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lay off employees as a result. A substantial majority of those who believe their revenues would suffer predict a loss greater than ten percent of their current revenues.

- Owners and managers of bars and taverns where smoking is currently permitted in at least some areas are even more pessimistic, with 83 percent expecting lower revenues to result from such a ban on smoking and more than half predicting employee layoffs as well. More than four out of five of those who would expect revenue decreases estimate that the decrease would be more than fifteen percent of current revenue.
- Very few believe that their revenues would increase as a result of making all establishments virtually smoke-free. Owners and managers of restaurants that are already smoke-free are the most likely to expect such a positive outcome – Eleven percent of these owners and managers believe that the change in policy would result in increased revenues for them, compared with only four percent of restaurants that currently allow smoking in at least part of their establishment.

Current Customer Smoking Policies

Currently, most restaurants and nearly all bars may decide for themselves whether and where to permit customer smoking. Most restaurants do restrict smoking, whether by choice or because of state or local requirements, and those that are large enough to do so usually provide separate smoking and non-smoking areas, rather than banning customer smoking entirely. In bars and taverns, smoking is rarely restricted and almost never banned entirely.

- Across the country, seven out of ten restaurants, and nearly all bars and taverns, currently permit smoking in at least part of their establishments.
- Fewer than three out of ten restaurants, and only five percent of bars and taverns report having smoking policies required by state or local governments.
- Nearly half of all restaurants choose to implement customer smoking policies themselves, either providing separate smoking and non-smoking areas, or banning customer smoking throughout the restaurants.
- For bars and taverns, customer smoking restrictions are still very uncommon. Nearly nine out of ten bars and taverns permit customers smoking throughout the establishment. Policies for those who have restrictions, nearly always include smoking and non-smoking areas.
- When given a choice, restaurant owners and managers usually choose to provide separate smoking and non-smoking areas to accommodate both their smoking and non-smoking customers, rather than banning smoking entirely. Among restaurants

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whose smoking policies are self-imposed, two-thirds choose to provide separate smoking and non-smoking areas.

- For smaller restaurants, separate smoking areas are usually not an option and the choice is either to permit smoking throughout the restaurant or to ban it entirely. For the largest restaurants (those with seating for 130 or more diners), nearly nine out of ten of those with self-imposed smoking policies choose to provide smoking and non-smoking sections, rather than to be entirely smoke-free.
- State and local government-imposed policies are more likely than self-imposed ones to permit no smoking at all. Forty-five percent of the government-imposed policies are smoke-free compared with one-third of self-imposed policies.
- Smaller restaurants are more likely than larger ones to permit smoking throughout the restaurant. In part, this is because state and local government rules about smoking policies in restaurants often exempt smaller establishments. But it is also because, among those not required by law to restrict smoking, fewer small restaurants choose to do so. Their inability to provide separate areas for smokers and non-smokers necessitates a more difficult choice – either to permit smoking throughout the restaurant or to be completely smoke-free.
- In two-thirds of restaurants that provide separate smoking and non-smoking areas, at least half of the seating is smoke-free. In bars and taverns, non-smoking areas are smaller – for about half of those who provide non-smoking areas, less than half of the seating is in smoke-free sections.

Current Employee Smoking Policies

Restaurants also differ significantly from bars and taverns in their employee smoking policies.

- Only 12 percent of restaurants have no policy restricting when or where employees may smoke, and for many of these, policies have not been instituted because all employees are non-smokers. Most bars and taverns (62 percent) have no restrictions at all on employees' smoking.
- In restaurants, employee smoking restrictions are almost evenly divided between those that prohibit employees from smoking anywhere inside the restaurant and those that allow employees to smoke in some part(s) of the restaurant.
- In bars and taverns, employee smoking policies are much less restrictive than in restaurants. Such policies are five times as likely to permit employees to smoke in some areas inside the bar or tavern as they are to prohibit them entirely from doing so.

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Customer and Employee Acceptance of Smoking Policies

Owners and managers of restaurants, bars, and taverns report a high degree of customer and employee acceptance of current smoking policies in these establishments.

- More than nine out of ten owners and managers of restaurants, bars, and taverns say customers have accepted the policies at least fairly well with 81 percent of bar owners/managers and 70 percent of restaurant owners/managers responding "very well."
- Customers of bars and taverns, where there are few restrictions on smoking, are reported to be even more accepting of current policies than restaurant customers. Customers in eight-in-ten bars and taverns are said to accept the smoking policies "very well", compared with customers in seven-in-ten restaurants.
- Employees in these establishments are reported to accept current smoking policies about equally well.

Attitudes Towards Government Regulation of Smoking

- Overwhelming majorities of owners and managers of restaurants, bars, and taverns believe that rules governing smoking in their establishments should be made by the establishments themselves – not by local, state, or federal governments.
- Nearly three-quarters of owners and managers of restaurants, and two-thirds of bar and tavern owners and managers, believe that they could accommodate, with no undue problems, the desires of both their smoking and non-smoking customers without government regulation.
- When asked which of three statements best reflected their own opinions about smoking policies, more than half of restaurant owners and managers, and nearly nine-in-ten owners and managers of bars and taverns, say they feel that the issue of smoking or smoke-free establishments should be left completely to the discretion of the owners. About a quarter of restaurant owners and managers, and fewer than one-in-ten bar and tavern owners and managers, feel that rules requiring them to designate a portion of their premises as smoke-free would be fair and would accommodate all customers. Fewer than one out of five restaurant owners and managers, and only two percent of bar and tavern owner and managers say they believe that requiring all establishments to be virtually smoke-free is a sound approach to dealing with the issue of smoking in public places.

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About the Survey

The information reported in this Executive Summary was obtained through a nationwide telephone survey of owners or managers of 650 full-service restaurants and 650 bars and taverns. All interviewing was conducted, in September of 1996, from the Roper Starch central interviewing facility, located in New York City. Up to six calls were made to reach the owner/manager of an establishment. The samples of restaurants and bars/taverns were drawn in a statistically random manner from national lists provided by Survey Sampling, Inc., a major supplier of survey samples to survey research organizations. The survey results are projectable to the population of all such establishments with a maximum sampling error of plus or minus four percentage points for each sample of establishments.

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Survey of Restaurants and Bars/Taverns

September 24, 1996

(Percentages based on full samples of 650 restaurants and 650 bars/taverns except where otherwise noted)

- Which approach do you favor for making the rules governing customer smoking in your establishment? (*Read responses*)

<u>Bars</u>	<u>Rest.</u>	
.91	.72	The rules regarding customer smoking should be made by the establishment itself.
.02	.08	The rules regarding customer smoking should be made by local government.
.02	.07	The rules regarding customer smoking should be made by state government.
.03	.06	The rules regarding customer smoking should be made by the federal government.
.02	.07	(<i>Don't read</i>) Don't know

- Specifically with respect to the smoking policy in your establishment, how well has it been accepted by your customers - very well, fairly well, not very well, or not at all well?

<u>Bars</u>	<u>Rest.</u>	
.81	.70	Very well
.12	.25	Fairly well
.01	.03	Not very well
.01	.01	Not at all well
.04	.02	Don't know

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- Again, with respect to the smoking policy in your establishment, how well has it been accepted by your employees - very well, fairly well, not very well, or not at all well?

<u>Bars</u>	<u>Rest.</u>	
.84	.74	Very well
.09	.18	Fairly well
.02	.04	Not very well
*	.01	Not at all well
.05	.03	Don't know

- *(If establishment is not completely smoke-free)* The federal government is considering implementing a rule that all rooms where people work be smoke-free. In other words, unless you could set aside special smoking rooms for your employees on break, or smoking rooms for customers where no employees could service customers, your establishment and all others like it would be virtually smoke-free.

If a new federal rule required all establishments to be virtually smoke-free, how do you think your customers who currently smoke would react in terms of the frequency with which they come to your establishment? Do you think...*(Read responses)*?

<u>Bars</u>	<u>Rest.</u>	
(Base) (640)	(463)	
.02	.01	They would come here more often.
.83	.58	They would come here less often.
.13	.37	They would come with the same frequency.
.02	.04	<i>(Don't read)</i> Don't know

- *(If customers who smoke would come less often)* By what percentage do you think your customers who smoke would decrease the frequency with which they come to your establishment? *(Read responses.)*

<u>Bars</u>	<u>Rest.</u>	
(Base) (530)	(268)	
.02	.05	Less than 5%
.02	.09	5% to 7%
.02	.13	8% to 10%
.91	.69	Over 10%
.03	.04	<i>(Don't read)</i> Don't know

2063657930

- *(If establishment is not completely smoke-free)* Do you think making all establishments virtually smoke-free would reduce or increase the amount of money your customers who smoke would spend in your establishment during a typical visit, or don't you think there would be any significant change in the amount of money spent?

	<u>Bars</u>	<u>Rest.</u>	
(Base)	(640)	(463)	
	.84	.50	Would spend less money
	.03	.04	Would spend more money
	.12	.41	No change in money spent
	.02	.04	Don't know

- *(If establishment is not completely smoke-free)* If all establishments were required to be virtually smoke-free, how do you think your customers who do not smoke would react in terms of the frequency with which they come to your establishment? Do you think - *(Read responses)*?

	<u>Bars</u>	<u>Rest.</u>	
(Base)	(640)	(463)	
	.08	.19	They would come more often
	.16	.06	They would come less often
	.72	.72	They would come with about the same frequency
	.04	.03	<i>(Don't read)</i> Don't know

- *(If establishment is not completely smoke-free)* Do you think making all establishments virtually smoke-free would reduce or increase the amount of money your customers who do not smoke would spend in your establishment during a typical visit, or don't you think there would be any significant change in the amount of money spent?

	<u>Bars</u>	<u>Rest.</u>	
(Base)	(640)	(463)	
	.22	.07	Would spend less money
	.07	.09	Would spend more money
	.69	.81	No change in money spent
	.03	.03	Don't know

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- Considering both customers who smoke and those who do not smoke, how do you think making all establishments virtually smoke-free would affect your establishment's overall revenue? Do you think this would result, overall, in higher revenues, lower revenues, or no significant change?

<u>Bars</u>	<u>Rest.</u>	
.02	.06	Higher revenues
.83	.39	Lower revenues
.13	.51	No significant change
.02	.04	Don't know

- (If making all establishments smoke-free would result in lower revenues). On an annual basis, by what percentage do you think your revenues would decrease? (Read responses)*

<u>Bars</u>	<u>Rest.</u>	
(Base) (539)	(254)	
.01	.08	Less than 5%
.09	.28	5% to 10%
.07	.14	11% to 15%
.81	.44	Over 15%
.03	.06	(Don't read) Don't know

- (If making establishments smoke-free would result in lower revenues). If your revenues were to decrease, how many employees, if any, do you realistically think you would have to lay off?*

<u>Bars</u>	<u>Rest.</u>	
(Base) (539)	(254)	
.22	.28	None
.28	.26	1 or 2
.22	.14	3 or 4
.12	.09	5 to 9
.04	.12	10 or more
.12	.10	Don't know

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- Which of these three statements is closest to your opinion of laws that require all establishments like yours to be smoke-free? (*Read responses*)

<u>Bars</u>	<u>Rest.</u>	
.88	.56	The issue of smoking or smoke-free establishments should be left completely to the discretion or judgment of the owners.
		or
.08	.23	Rules requiring that establishments like mine designate a portion of the premises as a smoke-free are fair and would accommodate all customers.
		or
.02	.17	Requiring all establishments to be virtually smoke-free is a sound approach to dealing with the issue of smoking in public places.
.02	.05	(<i>Don't read</i>) Don't know

(The above are a number of representative questions, full studies are available to the press upon request)

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A Brief History of the National Licensed Beverage Association

The roots of the National Licensed Beverage Association (NLBA) go back to the repeal of Prohibition. At that time, the U.S. Constitution, by virtue of the 21st Amendment, clearly gave to individual states the power to enact, enforce, and, in general, regulate their own laws affecting beverage alcohol. The states, in turn, at their discretion, relegated this power to the local governments; county, town, city, etc.

The influence that local politicians had in controlling this business gave rise to abuses in the area of licensing, enforcement, advertising and a multitude of petty regulations. In order to protect themselves from these abuses--and, more importantly, to protect their license and their livelihood--many local tavern, restaurant and liquor store owners joined together to form local associations. The associations' goals were to support those persons in power who supported them, to head off legislation detrimental to their business, to curtail abuses, and to exchange experiences to improve management.

During World War II, the federal and state governments became more involved with the operation of the beverage alcohol industry. A host of fees and taxes were imposed to raise money to fund the war and limit the use of alcohol sorely needed for the war effort.

Following World War II, both federal and state governments realized that the beverage alcohol industry represented a huge source of potential revenue. Many of the fees/taxes imposed during the war that were supposed to be temporary remained in effect (and are still levied today). State Alcohol Beverage Control Boards and Commissions took on the role of tax collector, permit issuer, and law enforcer.

As a result, the local associations consolidated into larger federations. First they became state associations, then regional associations, and in 1946 a national association, which in 1950 became the National Licensed Beverage Association.

The NLBA is a non-profit association, with over 16,000 members across the country. It is the largest trade association in the industry. Its goals, however, remain the same:

- * to support those who support the industry
- * to head-off legislation detrimental to the industry
- * to introduce legislation beneficial to the industry
- * to exchange information to sharpen business skills
- * to educate the proprietor and servers on the responsible use of beverage alcohol products

The retailer, as the last tier of the three-tier system, has the only contact with the consumer. He/she is the final outlet for all of the industry's energy and marketing skills. Therefore it is essential to the entire industry that the retailer is kept informed of critical issues, educated on product usage, and allowed to conduct business in a fair and equitable manner.

For the past few years, the NLBA has been broadening its member base by enlisting as members retailers who are not members of one of NLBA's state associations, the various segments and tiers of the beverage alcohol industry, and those who conduct business with the industry. All are working together to carry out the association's strategy of creating a powerful grassroots lobbying force.